

FISCAL NOTE

Bill #: SB0316

Title: Exempt certain home heating oil tanks
from certain fines

Primary

Sponsor: Linda Nelson

Status: As introduced

Sponsor signature	Date	Dave Lewis, Budget Director	Date
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Fiscal Summary

	<u>FY2000 Difference</u>	<u>FY2001 Difference</u>
Expenditures:		
State Special Revenue	(\$72,406)	(\$72,406)
Revenue:		
State Special Revenue (02)	(\$9,470)	(\$4,410)
Net Impact on General Fund Balance:	\$0	\$0

<u>Yes</u>	<u>No</u>		<u>Yes</u>	<u>No</u>	
X		Significant Local Gov. Impact		X	Technical Concerns
	X	Included in the Executive Budget		X	Significant Long-Term Impacts

Fiscal Analysis

ASSUMPTIONS:

1. The estimated number of heating oil tank systems for “consumptive use” that will not be upgraded as the result of passage of SB316 is 23. The bill deregulates those underground storage tanks used for storing heating oil for consumptive (non-retail) use on the premises where the tanks are located.
2. The average cost for permits to upgrade a tank and associated piping for heating oil tank systems for consumptive use is \$95.
3. The estimated number of heating oil tank systems for consumptive use with a capacity of 1,100 gallons or less that will not be closed as the result of passage of SB316 is 53.
4. The average cost for permits to close a heating oil tank system for consumptive use with a capacity of 1,100 gallons or less is \$35.
5. The estimated number of heating oil tank systems for consumptive use with a capacity of 1,101 gallons or more that will not be upgraded as the result of passage of SB316 is 17.

6. The average cost for permits to upgrade a heating oil tank system for consumptive use with a capacity of 1,101 gallons or more is \$60.
7. The estimated permit fees revenue reduction for FY 2000 is (items #1 through #6; a/e 02054):
 $(23 \times \$95) + (53 \times \$35) + (17 \times \$60) = \$5,060$
8. The estimated number of heating oil tanks for consumptive use with a capacity of 1,100 gallons or less that will not pay tank registration fees as the result of passage of SB316 is 28.
9. The annual registration fee for tanks with a capacity of 1,100 or less is \$20.
10. The estimated number of heating oil tanks for consumptive use with a capacity of 1,101 gallons or more that will not pay tank registration fees, as the result of passage of SB316 is 77.
11. The annual registration fee for tanks with a capacity of 1,101 gallons or more is \$50.
12. The estimated annual tank registration fee revenue reduction per year is (items #8 through #11; a/e 02075):
 $(28 \times \$20) + (77 \times \$50) = \$4,410$
13. Heating oil tank systems for consumptive use will no longer be eligible for reimbursement from Petroleum Tank Reimbursement Funds (PTRCF) as the result of passage of SB316.
14. There are six outstanding eligibility requests for heating oil tank releases where claims have not yet been filed and these claims could still be filed and found eligible for reimbursement regardless of the passage of SB316.
15. The total amount of reimbursement from PTRCF for heating oil tank releases was \$552,097 from 5/15/91 through 12/31/98, or an average of \$72,406 per year, and this amount will not be reimbursed as the result of passage of SB316. This estimate of reimbursement costs could be low as upgrading tanks typically results in the discovery of a higher number of releases (see "Effect On Counties Or Other Local Revenues Or Expenditures").

FISCAL IMPACT:

	<u>FY2000 Difference</u>	<u>FY2001 Difference</u>
FTE	0.00	0.00
<u>Expenditures:</u>		
Benefits	(\$72,406)	(\$72,406)
<u>Funding:</u>		
State Special Revenue (02)	(\$72,406)	(\$72,406)
<u>Revenues:</u>		
State Special Revenue (02)	(\$9,470)	(\$4,410)
<u>Net Impact to Fund Balance (Revenue minus Expenditure):</u>		
State Special Revenue (02058)	\$72,406	\$72,406
State Special Revenue (02054)	(\$5,060)	
State Special Revenue (02075)	(\$4,410)	(\$4,410)

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

If this bill is passed, local government (cities, counties, school districts, schools) would remain responsible for the cleanup of product released from a heating oil tank they own, and they would no longer be eligible for

reimbursement of these cleanup costs from the PTRCF. Of the 93 non-upgraded or non-closed heating oil tanks, the program estimates there will be approximately 20 tanks, or 22 percent, where releases will be discovered that will need to be cleaned up. Estimated cost for cleanup of released product range from \$5,000 to \$500,000 per release. To date, the largest payment for cleanup of a single tank has been about \$70,000. The maximum that can be paid out for any one tank is \$500,000.